

VZCZCXRO0554
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #2550/01 1310056
ZNR UUUUU ZZH
P 110056Z MAY 06
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 1865
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEHNH/AMCONSUL NAHA 8737
RUEHFK/AMCONSUL FUKUOKA 6113
RUEHOK/AMCONSUL OSAKA KOBE 9314
RUEHNAG/AMCONSUL NAGOYA 6081
RUEHKSO/AMCONSUL SAPPORO 7279
RUEHBJ/AMEMBASSY BEIJING 2167
RUEHUL/AMEMBASSY SEOUL 8349
RUCNDT/USMISSION USUN NEW YORK 0181

UNCLAS SECTION 01 OF 10 TOKYO 002550

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST
DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS
OFFICE; SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY
ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/11/06

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule

Japan's new diplomacy:

- 4) Sparks likely to fly between Japan, China in newly established UN Human Rights Council
- 5) Japan to take more aggressive stance on abduction issue in UN, G-8 Summit
- 6) Impressed perhaps by strong US-Japan ties, China taking softer stance toward Japan with agreement to resume meetings of foreign ministers

Yasukuni Shrine issue:

- 7) Business leaders' call on Prime Minister Koizumi to stop visiting Yasukuni strikes resonant chord in ruling camp
- 8) New Komeito head Kanzaki lauds Keizai Doyukai stance against Koizumi's Yasukuni Shrine visits
- 9) Prime Minister Koizumi dismisses business leaders report on Yasukuni visits, denies connection with economic relations with China
- 10) Keizai Doyukai's anti-Yasukuni stance seen as indirect support of Yasuo Fukuda to be next prime minister, alarming Shinzo Abe supporters
- 11) Japanese employee strike at Yokosuka Navy Base averted

12) US-Japan meeting next week on US beef issue likely to move closer to a down-to-the-wire decision allowing imports to flow again

Political agenda:

- 13) Mori faction finally agrees to allow two candidates run for LDP president from the faction
14) Ruling camp to present national referendum bill to current Diet session to start Constitutional reform process rolling

Articles:

1) TOP HEADLINES

Asahi: Mainichi:Yomiuri:

ChuoAoyama handed 2-month suspension from July; 2,300 client companies to be affected; US partner to set up new auditing corporation

Nihon Keizai:

Listed companies post record profits for three consecutive years; Current profits up 20% over preceding term, Nikkei survey finds; Steel, oil serve as driving force

Sankei:

Toyota's sales top 20 trillion yen for first time; Production expected to rank first before year's end

Tokyo Shimbun:

Majority of nursing-care funds in Tokyo preserved despite guidance by Labor, Health, and Welfare Ministry, expecting increase in payouts

TOKYO 00002550 002 OF 010

2) EDITORIALS

Asahi:

- (1) Chuo Aoyama Audit Corporation: The lies that threaten the firm's existence
(2) Proposals made by Keizai Doyukai: Business world concerned over the prime minister's visits to Yasukuni Shrine

Mainichi:

- (1) Image of US: Improve it not through publicity campaign but with action
(2) Long-term interest rates rise to 2%; Positive indicator of economic vitality

Yomiuri:

- (1) Conspiracy legislation: Work it out cautiously to wipe away concern
(2) Connections between businesses and crime syndicates must be stopped

Nihon Keizai:

- (1) Tougher diplomacy needed to stave off Iran crisis
(2) Auto industry likely to level off

Sankei:

- (1) Social withdrawal is a problem concerning society as a whole
(2) Upbeat corporate financial statements: Companies should play role in correcting income disparity

Tokyo Shimbun:

- (1) Proposals by Keizai Doyukai could help China meddle in Japan's internal affairs
(2) Taping interrogations will make lay judge system more effective

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 10

10:31
Arrived at Kantei.

11:07
Took a stroll on the south garden of Kantei. Recorded for the government's Internet TV.

14:00
Met with Agriculture Minister Nakagawa.

15:00
Met with Ambassador to France Iimura, followed by NPA Director General Uruma.

16:33
Met Asahi Shimbun columnist Yoichi Funabashi.

17:22
Attended meeting of Council on Economic and Fiscal Policy.

TOKYO 00002550 003 OF 010

19:55
Had a haircut at Murayoshi Barbershop in Capital Tokyu Hotel.

21:02
Visited the residence of the late former Lower House member Raizo Matsuno to pay respects.

21:18
Returned to his official residence.

4) New UN Human Rights Council elects 47 nations as members, leaving seeds of conflicts; Gulf between developing and industrialized nations yet to be bridged; US absence likely to make the Council unstable

NIHON KEIZAI (Page 6) (Excerpts)
May 11, 2006

By Hiroyuki Nakamae, New York

The members of the new United Nations Human Rights Council were elected on May 9, ahead of its first meeting set to start in Geneva in June. The 47 members of the Council, including Japan, will keep watch on despotism and tyranny around the world. Compared to the days of the Human Rights Commission, the predecessor body criticized as dysfunctional, the number of nations violating human rights has decreased drastically. But because disputes between the developing and industrialized nations over particular issues are yet to be resolved, the Council is likely to follow a zigzag path.

The Council members elected by the UN General Assembly include six nations, such as Cuba, Russia, and China, designated by the international human rights organization Human Rights Watch as violators of human rights. But the organization gave high marks to the election, noting: "The predecessor Human Rights Commission had many more nations ignoring human rights."

This comment came because some Commission members, such as Sudan and Zimbabwe, did not run for the membership on the Council.

The Commission (composed of 53 states) was a subordinate body to the UN Economic and Social Council (ECOSOC). Its members were chosen from among the members of ECOSOC. The Commission's regionally allocated seats were rotated among the states in the region. This system served as a breeding ground for collusive ties among them. The status of the Council is higher than that of the Commission. The Council is under the direct supervision of the UN General Assembly. States wishing to become members of the Council need to be endorsed by a majority of the UN member states. There is also a provision to suspend membership.

The Commission held a meeting (that lasted for six weeks) once a

year in spring, but the Council will meet at least three times a year (for a total of 10 weeks or more). The Council can also convene an emergency meeting. After the election on May 9, UN General Assembly President Eliasson said proudly: "Protection of human rights, security, and development assistance are the three pillars of the UN."

Based on this outcome, Senior Vice Foreign Minister Yasuhisa

TOKYO 00002550 004 OF 010

Shiozaki, now visiting the US, expressed his enthusiasm for resolving the abduction issue, saying: "We'd like to appeal steadfastly to the international audience on the issue."

On the abduction issue, the Commission adopted a resolution denouncing North Korea for three years in a row. The General Assembly also adopted a similar resolution last year. The family members of abductees recently met with US President Bush. The abduction issue has been given a boost in recent years.

But these developments are rather exceptional. If North Korea had not admitted to the abductions, the Commission would certainly have stopped investigating.

More than 100,000 people have been killed in the genocide in Dufur, Sudan, but a resolution denouncing Sudan was not adopted due to objections from some Commission members.

Can we expect that a Council that does not include Sudan and other nations violating human rights will make great strides? One diplomat said, "I have no idea at present." There are no major differences between the Council and the Commission in terms of investigations and recommendations. In addition, "Many developing member states tend to voice strong opposition to recommendations naming developing nations by name," arguing that industrialized nations have an arbitrary human rights policy, the same diplomat said. The moves of the US, which did not run for the Council membership, could make the Council unstable.

5) Japan to take diplomatic offensive to achieve progress in abduction issue

NIHON KEIZAI (Page 2) (Abridged)
May 11, 2006

The government will now further its diplomatic efforts to achieve progress on the issue of Japanese nationals abducted by North Korean agents. Meanwhile, Japan has been elected to a seat on the United Nations Human Rights Council (UNHRC), a new UN body scheduled to be launched in June. As a member of the new UN council, Japan will lay emphasis on the inhumanity of abductions in the international community. In addition, Japan will also work on other Group of Eight (G-8) members to take up the abduction issue at this July's St. Petersburg G-8 summit.

"Japan has been making a consistent appeal to the world (on the abduction issue)," Senior Vice Foreign Minister Yasuhisa Shiozaki told a press conference in New York yesterday after Japan's entry into the UNHRC. In his press remarks, Shiozaki stressed the importance of resolving the abduction issue while referring to a recent meeting of Sakie Yokota, mother of Megumi Yokota, one of those abducted to North Korea, and US President Bush in Washington.

All eyes are on North Korea's nuclear and missile development in the international community. However, Japan will try to draw an international attention on the abduction issue in an aim to close in on North Korea. While the six-party talks over North Korea's nuclear ambitions have now been deadlocked, the United States is trying to break the ice with "human rights" as a keyword. The Japanese government is taking it as a tailwind for its efforts.

TOKYO 00002550 005 OF 010

In June last year, Bush met with a Chosun Daily News reporter who once spent time at a camp in North Korea. The US government later appointed a special envoy for North Korea's human rights. In March this year, US Ambassador to Japan Schieffer visited Niigata to see the place where Megumi Yokota was abducted.

"If we take up the human rights problem in a positive way, it will be possible to apply pressure on China and Russia, which have been showing consideration for North Korea," a US government official was quoted as saying. Late last year, the Japanese government also established an ambassadorial post in charge of human rights. At the same time, the Foreign Ministry picked one of its parliamentary foreign secretaries as an official in charge of human rights.

6) China softens stance toward Japan, reflecting strong Japan-US ties; Agrees to resume foreign ministerial

SANKEI (Page 3) (Excerpts)
May 11, 2006

Japan and China have agreed to resume later this month bilateral foreign ministerial talks after a suspension of about one year. The Japanese government hopes to accelerate the dialogue in a drive to resolve issues pending between the two countries, including oil and gas field development in the East China Sea. According to the government's analysis, behind China's switch in its stance toward Japan is the judgment that the previous hard-line posture only prompted the US to take a tougher line toward it, given the current close ties between Japan and the US.

Prime Minister Junichiro Koizumi told reporters yesterday: "China might have noticed that it was irrational to continue to reject a summit because of a single issue," adding: "The Yasukuni issue is no longer diplomatic leverage."

A senior government official also stressed that Japan had not made any concessions to bring about a meeting, saying: "While we kept the door open, the other side voluntarily stepped in." The official also cynically commented on China's response: "Using the issue of whether or not to hold a meeting as a bargaining chip is indisputably the same approach as North Korea's."

In the cabinet reshuffle in late last October, the prime minister appointed Shinzo Abe and Taro Aso, both hard-liners toward China, to the positions of chief cabinet secretary and foreign minister, respectively. This reflects his priority to strengthening relations with the US and Southeast Asian nations. In the meeting with President Bush in Kyoto last November, the prime minister spent much time explaining his motives behind his visits to Yasukuni Shrine.

When Chinese President Hu Jintao visited the US late last month, Tokyo reportedly had analyzed in detail China's moves prior to the visit and had asked Washington to avoid China from directing the brunt of its criticism at Japan during the planned Bush-Hu talks. Owing to this approach, China made no reference to Japan during the summit. No joint statement was issued, either. A diplomatic source said: "China lost face and received a serious blow."

Washington has promised that it would treat him as a state guest

TOKYO 00002550 006 OF 010

when Prime Minister Koizumi visits to the US planned for late June. A senior government official remarked: "China might be concerned that the Japan-US summit might be used as an arena to contain China."

7) Doyukai's Yasukuni proposal splits ruling bloc

NIHON KEIZAI (Page 2) (Full)
May 11, 2006

Following the presentation of Keizai Doyukai's (Japan Association of Corporate Executives) proposal that Prime Minister Junichiro

Koizumi stop visiting Yasukuni Shrine, debate erupted within the ruling coalition yesterday. Koizumi said on May 9, "Business and politics are two separate matters." But New Komeito Representative Takenori Kanzaki told a press conference yesterday: "The business community thinks that his shrine visits have begun taking their toll on the economy. I hope (the prime minister) will take appropriate measures by grasping the actual situation correctly."

Meanwhile, a group of junior LDP lawmakers supporting the prime minister's Yasukuni visits adopted a statement yesterday reading, "The Doyukai proposal is overly tilted toward economic gains, losing sight of the dignity of spiritual culture, the foundation for the existence of a state."

8) Komeito's Kanzaki gives high marks to Doyukai proposal opposing Yasukuni visits

TOKYO SHIMBUN (Page 2) (Full)
May 11, 2006

New Komeito Representative Takenori Kanzaki in a conference yesterday expressed his support for Keizai Doyukai's (Japan Association of Corporate Executives) proposal opposing Prime Minister Koizumi's visits to Yasukuni Shrine, saying:

"I think the organization has a sense of crisis, seeing (the Yasukuni issue) not only as a political matter but also as having adversely affected the economy."

In reaction to Koizumi's rebuttal that politics and business were two separate matters, Kanzaki noted, "I would like to see the prime minister grasp economic reality correctly and take measures accordingly."

Kanzaki also indicated that the Yasukuni issue must not be turned into a campaign issue for the LDP presidential race, saying:

"If a candidate pledges to visit Yasukuni Shrine, that may become an obstacle to running the administration when he actually becomes prime minister. The matter must be discussed as an issue concerning Japan's policy toward entire Asia."

9) Prime minister, in response to corporate leaders' Yasukuni proposal, rules out effect of shrine visits on economic relations with China

SANKEI (Page 3) (Full)
May 11, 2006

TOKYO 00002550 007 OF 010

In response to a call by the Japan Association of Corporate Executives (Keizai Doyukai) on Prime Minister Junichiro Koizumi to forgo visits to Yasukuni Shrine, the prime minister told reporters at his official residence last night: "Economic relations between Japan and China are expanding as never before, and bilateral exchanges are also increasing." He denied there had been any effect of his visits to the shrine on the economic relationship.

In a press conference yesterday, Chief Cabinet Secretary Shinzo Abe expressed his displeasure at the economic organization's advice, saying:

"The prime minister visits the shrine to pay respects and offer condolences to the war dead. If the meaning of a visit to Yasukuni Shrine has been misunderstood, a full explanation is necessary."

The association of junior lawmakers hoping for peace, considering real national interests and supporting Yasukuni visits, a group of Liberal Democratic Party's like-minded lawmakers headed by Hiroshi Imazu, adopted a statement strongly criticizing Keizai Doyukai, noting: "If we are overly eager to pursue economic benefits, we will lose sight of the dignity of our spiritual

culture, the basis for the existence of the state."

10) Doyukai's Yasukuni proposal may be intended to support Fukuda; Abe supporters alarmed

MAINICHI (Page 2) (Full)
May 11, 2006

A set of proposals released on May 9 by Keizai Doyukai (Japan Association of Corporate Executives) urging Prime Minister Koizumi to cease visiting Yasukuni Shrine has sent a shockwave through the government and the ruling coalition. The proposal can be taken to mean that the business organization supports former Chief Cabinet Secretary Yasuo Fukuda, who shares the same standpoint, as a candidate in the heated post-Koizumi race. The proposal has also alarmed aides to Chief Cabinet Secretary Shinzo Abe, a prime candidate to replace Koizumi who supports shrine visits.

Prime Minister Junichiro Koizumi brushed aside the view yesterday that his shrine visits have adversely affected relations with China by stating to reporters, "Economic relations and interaction between Japan and China have expanded." Abe, too, expressed a sense of displeasure, saying, "If the significance of shrine visits is misunderstood, we must offer a clear explanation."

Abe supporters fear that the Doyukai proposal will underpin and accelerate the view that the business community is mostly supportive of Fukuda. Given the fact that the business body released its proposal the day before Fukuda's departure for the United States, a mid-level Liberal Democratic Party lawmaker commented, "It seems that the organization is tightening the noose around Abe." A group of junior lawmakers supportive of paying homage at Yasukuni Shrine in the hope of peace and true national interests (chaired by Lower House member Hiroshi Imazu) also released an emergency statement yesterday reading, "The proposal is utterly unacceptable."

TOKYO 00002550 008 OF 010

11) Union calls off strike at Yokosuka base

TOKYO SHIMBN (Page 27) (Full)
May 11, 2006

A labor union of Japanese workers at US military bases in Japan has called off its strike, which had been set to take place on May 18 at the US Navy's Yokosuka base. The All Japan Garrison Forces Labor Union (Zenchuro), which affiliates about 16,000 Japanese employees working at US military bases in Japan, has squared off with the Japanese government and US Forces Japan (USFJ) over employment conditions. Zenchuro entered into an agreement yesterday with its employer, the Defense Facilities Administration Agency, announcing that its demands have now been almost satisfied.

Zenchuro demanded that the government continue in principle to employ all of those base workers desiring continued employment after the retirement age under a revised law for the stabilization of employment for the aged, which came into effect on April 1. However, Japan and the United States faced rough going in their negotiations. Zenchuro notified the DFAA on May 8 of its intention to go on a strike for eight hours from the start of work on May 18.

The labor-management agreement stipulates that the government will continue its employment of base workers if they satisfy a set of standards, including their will to work and health conditions. "We've generally cleared our standpoints," Kazuo Yamakawa, chief of the secretariat to Zenchuro, stated. "But," the union executive added, "we will need to keep tabs on a revision of the bilateral labor agreement that details our employment conditions." Zenchuro will notify the DFAA today of its intention to put off the strike, the union exec said.

12) US beef: Japan, US to hold meeting possibly next week to boil down details prior to decision on import resumption

TOKYO SHIMBUN (Page 9) (Full)
May 11, 2006

It is likely that Tokyo and Washington will hold a meeting of experts to discuss the US beef import resumption issue next week. During the envisaged experts meeting, the two countries will likely work out details so that a decision can be reached on whether to resume beef imports. The Japanese side is considering proposing rules to address potential problems that might crop up after the resumption of beef imports.

Agriculture, Forestry and Fisheries Minister Shoichi Nakagawa yesterday met with Prime Minister Junichiro Koizumi. After the meeting he told reporters that the US government had noted that it would be able to report to Japan the results of the reinspections of 37 meat processing plants authorized to export to Japan. He also touched on the holding of the experts meeting saying, "Now that town meetings with consumers that were held at 10 locations throughout the nation are over, we can move to the next step of exchanging information.

If it was judged at the experts meeting that inspections revealed no problems with US meat packers, the Japanese government will

TOKYO 00002550 009 OF 010

then discuss in specific terms the conditions for resuming US beef imports.

Experts will likely discuss how prior inspections of US meat processing facilities by Japan should be carried out, the strengthening of quarantine procedures, and the setting up of rules on measures to deal with problems that might occur after imports resume.

In the event that the governments of Japan and the US reach a consensus on conditions for restarting beef trade, the Japanese government will again hold town meetings with consumers and formally decide to resume imports.

Chances are that such a decision will be reached around the bilateral summit to be held in June.

13) Mori faction to allow two candidates to run in LDP presidential race

YOMIURI (Page 1) (Excerpts)
May 11, 2006

Former Prime Minister Yoshiro Mori, who heads a faction in the Liberal Democratic Party (LDP), has decided to allow two faction members, Chief Cabinet Secretary Shinzo Abe and former Chief Cabinet Secretary Yasuo Fukuda, to run as candidates in the September LDP presidential election, if they decide to do so. Mori will reveal the decision in a general meeting today of his faction.

Mori formerly had said that it would be desirable for his faction to field a single candidate. However, Prime Minister Junichiro Koizumi, who used to belong to the Mori faction, then said that it would not be necessary for the faction to field only one candidate. Many junior lawmakers in the faction subscribe to Koizumi's view.

Mori, therefore, appears to have determined not to create discord in his faction by forcing his opinion on the members. The faction will hold a general meeting today 30 minutes earlier than the scheduled noon session in which Mori will explain his view in a polite way.

In view of the importance of maintaining the faction's unity, Mori still believes that his faction should field one candidate. He will likely to exchange views actively with his fellow lawmakers, though he will not work to select a single candidate.

14) LDP, New Komeito to submit referendum bill to current Diet session, enact it in next session

YOMIURI (Page 2) (Excerpts)
May 11, 2006

Ruling Liberal Democratic Party (LDP) Policy Research Council Chairman Hidenao Nakagawa and the main opposition party, Minshuto (Democratic Party of Japan) Policy Research Committee Chairman Takeaki Matsumoto discussed yesterday the handling of a national referendum bill that stipulates procedures for amending the Constitution. The two reached an agreement that the ruling coalition would submit the bill to the ongoing Diet session and

TOKYO 00002550 010 OF 010

let the largest opposition party seek revisions to the bill during deliberations. The ruling coalition intends to submit the bill to the Diet before the end of this month, but to enact it during the next session. The ruling camp has given up on passing it during the current Diet session, since there are wide gaps in views with Minshuto on such issues as the age at which people should be allowed to vote in the referendum.

At yesterday's meeting, Matsumoto, referring to Minshuto President Ichiro Ozawa's May 9 refusal of the ruling camp's proposed joint introduction of the bill, told Nakagawa: "It is difficult to accept the ruling coalition's bill. So I suggest that the ruling camp alone submit its own bill, and then you revise it, accepting our views. What about this idea." Nakagawa then accepted the suggestion, saying, "Next best thing."

The ruling and opposition camps have remained at odds over three issues: the minimum age for granting voting rights; the method of writing pros and cons on ballots; and the coverage of the referendum. Regarding these three points, many Minshuto lawmakers are taking a hard-line stance that they cannot accept the ruling coalition's bill unless all of Minshuto's proposals are accepted. A senior LDP member, therefore, commented that it would be extremely difficult to arrive at an agreement with Minshuto without a relationship of trust with that party.

SCHIEFFER